



# Sterling Trust

## ROTH CONVERSION FORM



### INSTRUCTIONS AND GUIDELINES

Use this form when you wish to convert a tax-deferred IRA account to a Roth IRA Account.

**When completing your Conversion Form, please follow these guidelines:**

- Be sure to fill out **ALL** sections of the conversion form.
- There is no penalty for a Roth IRA Conversion but it is a **TAXABLE EVENT**.
- Conversions are taxed in the **calendar year** they are completed.
- You may be subject to taxation on the amount of your conversion. (**Exception: Any non-deductible amounts you converted will not be subject to taxation.**)
- The conversion amount is not subject to 10% premature distribution penalty although it is a taxable event.
- Please be sure you have both a tax-deferred and Roth IRA open before proceeding with this form.
- Consultation with your tax professional is particularly recommended given the tax consequences.
- A Fair Market Valuation (FMV) Form must be filled out for each asset involved in a Roth Conversion. The original FMV form must be sent by mail with supporting documents.
- If the asset being converted is either real estate or a secured note, then a Quit Claim Deed or Assignment must be submitted with this form to properly record the instrument under the new Roth IRA.
- A Reconversion cannot be done until 30 days after the Recharacterization transaction. If 30 days after the Recharacterization the tax year is the same as the original conversion, a Reconversion cannot be done until the following year.



### SUBMISSION OPTIONS

**OVERNIGHT:**

Sterling Trust  
7901 Fish Pond Road  
Waco, TX 76710

**REGULAR MAIL:**

Sterling Trust  
P. O. Box 2526  
Waco, TX 76702-2526



### CONTACT INFORMATION

**MAILING ADDRESS:**

Sterling Trust  
P. O. Box 2526  
Waco, TX 76702-2526

**PHYSICAL ADDRESS:**

7901 Fish Pond Road  
Waco, TX 76710

**For assistance, please contact a Client Services Representative at:**

**Phone:**

800-955-3434 (Option 2)  
254-751-1505 (Option 2)

**Fax:**

254-751-0872

**Website:**

[www.SterlingTrustCompany.com](http://www.SterlingTrustCompany.com)

**Or e-mail questions to:**

[IRAServices@SterlingTrustCompany.com](mailto:IRAServices@SterlingTrustCompany.com)



A Division of Equity Trust Company

P.O. Box 2526
Waco, TX 76702-2526
PHONE: 800-955-3434 (option 2), 254-751-1505 (option 2)
FAX: 254-751-0872
EMAIL: IRAServices@SterlingTrustCompany.com

PLEASE PRINT CLEARLY. A DELAY IN PROCESSING MAY OCCUR IF INSTRUCTION IS UNCLEAR.

1 ACCOUNT HOLDER INFORMATION

ACCOUNT HOLDER NAME
PRIMARY DAYTIME PHONE NUMBER

2 CONVERSION INSTRUCTIONS

Conversion to a Roth IRA is a TAXABLE EVENT. Sterling Trust recommends consulting with your tax professional before proceeding.

ACCOUNT INFORMATION

Type of account you are converting: Traditional IRA, SEP IRA, SIMPLE IRA
STERLING IRA ACCOUNT NUMBER TO CONVERT
STERLING ROTH IRA ACCOUNT NUMBER\*

\*Roth account must be established before conversion.

INDICATE BELOW THE TYPE OF CONVERSION REQUESTED

Full Conversion - Convert ALL assets "in-kind" and any cash balance to the new account.
Partial Conversion in Cash - Convert only the specified dollar amount in cash to new account.
Partial Conversion "in-kind" - Convert only the specified assets listed below.
Reconversion\*\*\*

Traditional assets will be determined at time of processing.
\*\*A Fair Market Valuation Form must be completed for any assets involved in a Roth Conversion.
\*\*\*A Reconversion cannot be done until 30 days after the Recharacterization transaction.



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3 FEDERAL WITHHOLDING ELECTION

Distributions from your self-directed Sterling Individual Retirement Account (IRA) are subject to federal income tax withholding and may be subject to state income tax withholding unless you elect not to have withholding apply. Unless you elect otherwise, federal (and state, if applicable) income tax must be withheld from your IRA distributions.

You may elect not to have withholding apply to your distribution(s) by selecting the appropriate statement in the Tax Withholding Election section below, signing this form, and returning it to Sterling Trust.

Failure to complete the withholding section below will result in the automatic withholding of federal (and state, if applicable) income tax. The rate of withholding will be ten percent (10%) for federal taxes. The rate of state tax withholding will be the minimum percentage rounded to the next whole dollar of state withholding required based on the chart below, if applicable. Sterling Trust will not reverse any federal or state withholding should you neglect to make an election.

If you elect not to have withholding apply to your distribution(s), or if you do not have enough federal (and state, if applicable) income tax withheld from your distribution(s), you may be responsible for payment of estimated tax. You may incur penalties under estimated tax rules if your withholding and estimated tax payments are not sufficient. Please review the withholding notice below prior to making this election. For Federal Income Tax Withholding information, please see Publication 505, Tax Withholding and Estimated Tax, available from www.irs.gov or most IRS offices.

NOTICE OF FEDERAL WITHHOLDING ON DISTRIBUTIONS FROM IRAs: The distributions you receive from your Individual Retirement Account are subject to Federal Income Tax Withholding unless you elect not to have the withholding apply. You may elect not to have withholding apply by checking the appropriate box and signing and dating the election above. If you elect not to have withholding apply to your distribution, or if you do not have enough Federal Income Tax withheld from your distribution, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

FEDERAL WITHHOLDING ELECTION: You must have sufficient cash for the withholding. A \$5.00 fee applies for Federal Withholding (Choose only one. If no election is chosen, Federal Income Tax will be withheld at a flat 10% rate and any applicable State Tax will be withheld according to the attached State Income Tax Withholding Requirements chart.)

- I elect NOT to have Federal Income Tax withheld.
I elect to have Federal Income Tax withheld at a flat 10% rate.
I elect to have Federal Income Tax withheld in the amount of \$ [ ] which is more than the 10% rate.

4 STATE WITHHOLDING ELECTION (NOT APPLICABLE FOR ALL STATES)

NOTICE OF STATE WITHHOLDING ON IRA DISTRIBUTIONS: Sterling Trust will withhold state income tax according to the attached State Income Tax Withholding Requirements chart located below, unless otherwise instructed. (Not applicable in all states). The chart below indicates the minimum to be withheld.

You must have sufficient cash for the withholding. A \$5.00 fee applies for State Withholding (If federal withholding is deducted from your distribution, state withholding may also apply. Amounts withheld will be rounded up to the next whole dollar.)

- I elect NOT to have state income tax withheld. (Not applicable to all states. See chart below.)
Withhold state income tax according to the State Income Tax Withholding Requirements chart below.
Withhold [ ] % of the gross distribution.
Withhold \$ [ ] of the gross distribution.

5 SIGNATURES

I certify that I have or will establish a Roth IRA with the Custodian named above. I understand that I am responsible for determining my eligibility for all conversions and I agree to indemnify and to hold the Custodian harmless against any and all situations arising from an ineligible conversion. I acknowledge that the Custodian cannot provide legal advice and I agree to consult with my own tax professional for advice.

The Custodian agrees to accept these funds as a conversion.

Signature of Account Holder/Beneficiary Date Signature of Custodian Date



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STATE INCOME TAX WITHHOLDING REQUIREMENTS	
State of Residence	State Income Tax Withholding is not Required
AK, AZ, FL, HI, IL, MI, NH, NV, SD, TN, TX, WA, WY	State income tax is not required. We will not withhold for these states.
	State Income Tax Withholding is Voluntary
AL, AR, CO, CT, GA, ID, IN, KY, LA, MD, MN, MO, MT, NE, NJ, NM, NY, ND, OH, RI, SC, UT, WI, WV	<ul style="list-style-type: none"> <li>We will withhold state income tax only if you instruct us to do so.</li> <li>You must indicate the amount to withhold.</li> <li>For <b>CO, CT, MO, &amp; NJ</b> amounts must be whole dollars.</li> </ul>
	State Income Tax Withholding is Mandatory Where Federal Withholding Applies
CA, NC, OR, DE, VT	<p>If federal tax is withheld, you <b>cannot</b> opt out of state withholding. We will withhold state tax as indicated below:</p> <p><b>CA</b> - 10% of federal tax withheld  <b>DE</b> - you must tell us the amount to withhold  <b>NC</b> - 4% of gross distribution  <b>OR</b> - 8% of gross distribution  <b>VT</b> - 24% of federal tax withheld</p>
	State Income Tax Withholding is Mandatory Where Federal Withholding Applies
IA, KS, ME, MA, OK	<p>We will withhold state tax as indicated below unless you indicate otherwise:</p> <p><b>IA</b> - 5% of gross distribution  <b>KS</b> - you must tell us the amount to withhold  <b>ME</b> - 5% of gross distribution  <b>MA</b> - 5.6% of gross distribution  <b>OK</b> - 8% of gross distribution</p>
	State Income Tax Withholding is Mandatory on Premature Distributions or a Series of Substantially Equal Payments Under IRC 72(T)
PA, MS	<p>We will withhold state tax as indicated below:</p> <p><b>PA</b> - 2.8%  <b>MS</b> - 5%</p>
	State Income Tax Withholding is Mandatory on Qualified Plan Distributions Only
VA	We will not withhold state income tax on distributions from IRA, Roth, SEP, or SIMPLE accounts.